

AMENDED IN SENATE MAY 1, 2001

SENATE BILL

No. 1182

**Introduced by Committee on Revenue and Taxation (Senators
Scott (Chair), Alpert, Bowen, and Burton)**

February 28, 2001

An act to amend Section 51296.3 of the Government Code, *and* to amend Sections 75.31, 534, 749, and 1605 of, ~~and to add Section 236.5 to,~~ the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1182, as amended, Committee on Revenue and Taxation. Property taxation.

Existing property tax law provides for supplemental and escape assessments to be made on property outside the regular assessment period, provides for certain notices of those assessments to be given to assesses, and specifies that applications for reduction of those assessments are required to be filed within certain time periods.

This bill would, among other things, specifically apply to the County of Los Angeles notice requirements regarding supplemental and escape assessments that currently apply to counties that have opted to require the filing of an application for reduction in an assessment, made outside the normal assessment period, within 60 days of the date of the relevant tax bill. This bill would also revise and recast provisions specifying the time periods for the filing of an application for reduction in an assessment, to specify separate requirements for (1) the County of Los Angeles and opting counties, and (2) other counties in the state. By imposing new notice duties upon local officials in the County of Los Angeles, this bill would impose a state-mandated local program.

~~Existing property tax law establishes, pursuant to the authorization of the California Constitution, a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes.~~

~~This bill would apply the welfare exemption to any otherwise taxable interest in real property that is leased for a term of 35 years or more by a charitable foundation, exempt from federal taxation, if, among other things, the real property is used exclusively by the lessee for operation as a public park and the lessee foundation is, under the terms of the lease, to obtain fee ownership of the property at the end of the lease term.~~

~~This bill would also make clarifying, or technical, nonsubstantive changes to other provisions of property tax law.~~

~~Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.~~

~~This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.~~

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 51296.3 of the Government Code is
- 2 amended to read:
- 3 51296.3. Notwithstanding any provision of the Cortese-Knox
- 4 Local Government Reorganization Act of 1985 (Division 3
- 5 (commencing with Section 56000)), a local agency formation
- 6 commission shall not approve a change of organization or
- 7 reorganization that would result in the annexation of land within



1 a designated farmland security zone to a city. However, this
2 subdivision shall not apply under any of the following
3 circumstances:

4 (a) If the farmland security zone is located within a designated,
5 delineated area that has been approved by the voters as a limit for
6 existing and future urban facilities, utilities, and services.

7 (b) If annexation of a parcel or a portion of a parcel is necessary
8 for the location of a public improvement, as defined in Section
9 51290.5, except as provided in Section 51296.5 or 51296.6.

10 (c) If the landowner consents to the annexation.

11 SEC. 2. Section 75.31 of the Revenue and Taxation Code is
12 amended to read:

13 75.31. (a) Whenever the assessor has determined a new base
14 year value as provided in Section 75.10, the assessor shall send a
15 notice to the assessee showing the following:

16 (1) The new base year value of the property that has changed
17 ownership, or the new base year value of the completed new
18 construction that shall be added to the existing taxable value of the
19 remainder of the property.

20 (2) The taxable value appearing on the current roll, and if the
21 change in ownership or completion of new construction occurred
22 between January 1 and May 31, the taxable value on the roll being
23 prepared.

24 (3) The date of the change in ownership or completion of new
25 construction.

26 (4) The amount of the supplemental assessments.

27 (5) The exempt amount, if any, on the current roll or the roll
28 being prepared.

29 (6) The date the notice was mailed.

30 (7) A statement that the supplemental assessment was
31 determined in accordance with Article XIII A of the California
32 Constitution that generally requires reappraisal of property
33 whenever a change in ownership occurs or property is newly
34 constructed.

35 (8) Any other information which the board may prescribe.

36 (b) In addition to the information specified in subdivision (a),
37 the notice shall inform the assessee of the procedure for filing a
38 claim for exemption that is to be filed within 30 days of the date
39 of the notice.

(c) (1) The notice shall advise the assessee of the right to an informal review and the right to appeal the supplemental assessment, and, unless subject to paragraph (2) or (3), that the appeal shall be filed within 60 days of the date of mailing printed on the notice or the postmark date therefor, whichever is later. For the purposes of equalization proceedings, the supplemental assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(2) For counties in which the board of supervisors has adopted the provisions of subdivision (c) of Section 1605, and the County of Los Angeles, the notice shall advise the assessee of the right to appeal the supplemental assessment, and that the appeal shall, except as provided in paragraph (3), be filed within 60 days of the date of mailing printed on the tax bill or the postmark date therefor, whichever is later. For the purposes of equalization proceedings, the supplemental assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(3) (A) If the taxpayer does not receive a notice in accordance with paragraph (1) at least 15 days prior to the deadline to file the application described in Section 1603, the affected party or his or her agent may file an application within 60 days of the date of mailing printed on the tax bill or the postmark thereof, whichever is later, along with an affidavit declaring under penalty of perjury that the notice was not timely received.

(B) Notwithstanding any other provision of this subdivision, an application for reduction in a supplemental assessment may be filed within 12 months following the month in which the assessee is notified of that assessment, if the affected party or his or her agent and the assessor stipulate that there is an error in assessment as the result of the exercise of the assessor's judgment in determining the full cash value of the property and a written stipulation as to the full cash value and the assessed value is filed in accordance with Section 1607.

(d) The notice shall advise the assessee of both of the following:

(1) The requirements, procedures, and deadlines with respect to an application for the reduction of a base year value pursuant to Section 80, or the reduction of an assessment pursuant to Section 1603.

(2) The criteria under Section 51 for the determination of taxable value, and the requirement of Section 1602 that the custodial officer of the local roll make the roll, or a copy thereof, available for inspection by all interested parties during regular office hours.

(e) The notice shall advise the assessee that if the supplemental assessment is a negative amount the auditor shall make a refund of a portion of taxes paid on assessments made on the current roll, or the roll being prepared, or both.

(f) The notice shall be furnished by the assessor to the assessee by regular United States mail directed to the assessee at the assessee's latest address known to the assessor.

(g) The notice given by the assessor under this section shall be on a form prescribed by the State Board of Equalization.

~~SEC. 3. Section 236.5 is added to the Revenue and Taxation Code, to read:~~

~~236.5. Any otherwise taxable interest in real property, leased for an original term of 35 years or more and used exclusively by the lessee for the operation of a public park, is, during the term of the lease, within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution, if all of the following conditions are met:~~

~~(a) The lessee is a charitable foundation that has received a determination that it is a charitable organization as described in Section 501(c)(3) of the Internal Revenue Code.~~

~~(b) The operation of the public park by the lessee is within the tax exempt purposes of the lessee.~~

~~(c) The lessee acquired the leasehold in the property by means of a charitable donation.~~

~~(d) Under the terms of the lease, the lessee is to acquire the entire ownership interest in the property at the end of the lease term.~~

~~SEC. 4.—~~

~~SEC. 3. Section 534 of the Revenue and Taxation Code is amended to read:~~

~~534. (a) Assessments made pursuant to Article 3 (commencing with Section 501) or this article shall be treated like, and taxed at the same rate applicable to, property regularly assessed on the roll on which it is entered, unless the assessment relates to a prior year and then the tax rate of the prior year shall~~

1 be applied, except that the tax rate for years prior to the 1981–82
2 fiscal year shall be divided by four.

3 (b) No assessment described in subdivision (a) shall be
4 effective for any purpose, including its review, equalization and
5 adjustment by the Board of Equalization, until the assessee has
6 been notified thereof personally or by United States mail at his or
7 her address as contained in the official records of the county
8 assessor. For purposes of Section 532, the assessment shall be
9 deemed made on the date on which it is entered on the roll pursuant
10 to Section 533, if the assessee is notified of the assessment within
11 60 days after the statute of limitations or the placing of the escape
12 assessment on the assessment roll. Otherwise the assessment shall
13 be deemed made only on the date the assessee is so notified.

14 (c) The notice given by the assessor pursuant to this section
15 shall include all of the following:

16 (1) The date the notice was mailed.

17 (2) Information regarding the assessee's right to an informal
18 review and the right to appeal the assessment, and except in a case
19 in which paragraph (3) applies, that the appeal shall be filed within
20 60 days of the date of mailing printed on the notice or the
21 postmarked date therefor, whichever is later. For the purposes of
22 equalization proceedings, the assessment shall be considered an
23 assessment made outside of the regular assessment period as
24 provided in Section 1605.

25 (3) For counties in which the board of supervisors has adopted
26 a resolution in accordance with subdivision (c) of Section 1605,
27 and the County of Los Angeles, the notice shall advise the assessee
28 of the right to appeal the assessment, and that the appeal shall be
29 filed within 60 days of the date of mailing printed on the tax bill
30 or the postmark therefor, whichever is later. For the purposes of
31 equalization proceedings, the assessment shall be considered an
32 assessment made outside of the regular assessment period as
33 provided in Section 1605.

34 (4) A description of the requirements, procedures, and
35 deadlines with respect to an application for the reduction of an
36 assessment pursuant to Section 1605.

37 (d) (1) The notice given by the assessor under this section shall
38 be on a form prescribed by the board.

39 (2) Giving of the notice required by Section 531.8 shall not
40 satisfy the requirements of this section.

~~SEC. 5.—~~

SEC. 4. Section 749 of the Revenue and Taxation Code is amended to read:

749. Section 743 shall be applicable to hearings on petitions for correction of an allocated assessment and the board shall notify the petitioner of its decision by mail. The decision shall include written findings and conclusions of the board if requested at or prior to the commencement of the hearing. Decisions of the board on petitions for correction of an allocated assessment shall be completed on or before December 31.

~~SEC. 6.—~~

SEC. 5. Section 1605 of the Revenue and Taxation Code is amended to read:

1605. (a) An assessment made outside of the regular assessment period is not effective for any purpose, including its review, equalization and adjustment by the county board, until the assessee has been notified thereof personally or by United States mail at the assessee's address as contained in the official records of the county assessor. For purposes of this subdivision, for counties in which the board of supervisors has adopted the provisions of subdivision (c) and the County of Los Angeles, receipt by the assessee of a tax bill based on that assessment shall suffice as the notice.

(b) Upon application for reduction in assessment pursuant to subdivision (a) of Section 1603, the assessment shall be subject to review, equalization, and adjustment by the county board. In the case of an assessment made pursuant to Article 2 (commencing with Section 75.10) of Chapter 3.5 of Part 0.5, or Article 3 (commencing with Section 501) of Chapter 3 of Part 2 that is made outside the regular assessment period as defined in subdivision (f), or an assessment made pursuant to Article 4 (commencing with Section 531) of Chapter 3 of Part 2, the application shall be filed with the clerk in accordance with the applicable of the following:

(1) In a county other than the County of Los Angeles or a county in which the board of supervisors has adopted a resolution in accordance with subdivision (c), no later than 60 days after the date of mailing printed on the notice of assessment, or the postmark therefor, whichever is later. If the taxpayer does not receive the notice of assessment described in Section 75.31 or 534 at least 15 calendar days prior to the deadline established in the

1 foregoing sentence, the party affected, or his or her agent, may file
2 the application within 60 days of the date of mailing printed on the
3 tax bill or the postmark therefor, whichever is later, along with an
4 affidavit declaring under penalty of perjury that the notice of
5 assessment was not timely received.

6 (2) In the County of Los Angeles or any county in which the
7 board of supervisors has adopted a resolution in accordance with
8 subdivision (c), an application subject to this subdivision shall be
9 filed within the period specified in that subdivision.

10 (c) The board of supervisors of any county may by resolution
11 require that the application for reduction pursuant to subdivision
12 (a) of Section 1603 be filed with the clerk no later than 60 days
13 after the date of mailing printed on the tax bill or the postmark
14 therefor, whichever is later.

15 (d) In counties where assessment appeals boards have not been
16 created and are not in existence, at any regular meeting, the board
17 of supervisors, on the request of the assessor or any taxpayer, shall
18 sit as the county board to equalize any assessments made by the
19 assessor outside the regular assessment period for those
20 assessments. Notwithstanding any other provision of law to the
21 contrary, in any county in which assessment appeals boards have
22 been created and are in existence, the time for equalization of
23 assessments made outside the regular assessment period for those
24 assessments, including assessments made pursuant to Sections
25 501, 503, 504, 531, and 531.5, shall be prescribed by rules adopted
26 by the board of supervisors.

27 (e) If an audit of the books and records of any profession, trade,
28 or business pursuant to Section 469 discloses property subject to
29 an escaped assessment for any year, then the original assessment
30 of all property of the assessee at the location of the profession,
31 trade, or business for that year shall be subject to review,
32 equalization and adjustment by the county board of equalization
33 or assessment appeals board pursuant to this chapter, except in
34 those instances when that property had previously been equalized
35 for the year in question by the county board of equalization or
36 assessment appeals board. The application shall be filed with the
37 clerk no later than 60 days after the date on which the assessee was
38 notified. Receipt by the assessee of a tax bill based upon that
39 assessment shall suffice as that notice.

(f) For purposes of subdivision (a), “regular assessment period” means January 1 to and including July 1 of the calendar year in which the assessment, other than escape assessments, should have been enrolled if it had been timely made.

~~SEC. 7. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.~~

~~SEC. 8.~~

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, within the meaning of Section 17556 of the Government Code.